

## Middle East

The importance of this region in Canada's foreign relations remained evident during 1975. The Arab-Israeli conflict still constitutes a threat to world peace and security. Furthermore, since 1973 it has had significant repercussions on international trade. Like many other countries, Canada has worked for the development of dialogue and negotiation about the new international economic relationships consequent upon the increase in oil prices and the rapid accumulation of "petrodollars" by some countries in the area. Mr. MacEachen's election as co-chairman of the International Conference on Economic Co-operation not only demonstrated the importance that Canada attached to this whole field but also was a recognition of the key role envisaged for Canada by the participants in the conference.

Canada continues to pursue a balanced and objective policy towards the Arab-Israeli conflict, and maintains that Resolutions 242 and 338 of the UN Security Council still constitute a valid basis for negotiations towards an eventual settlement of the conflict. As stated in these resolutions, Canada believes that every state in the area, including Israel, has a right to exist and prosper in peace within secure and recognized boundaries. Moreover, it is clear that a lasting settlement of the conflict cannot be achieved unless it meets fully the legitimate concerns of the Palestinian people. For this reason, Canada supports their right to be heard and to participate in any negotiations involving their future. However, Canada has always refrained from interpreting, or passing judgment on, the form or substance of eventual negotiations, or whether the Palestine Liberation Organization is the sole legitimate representative of the Palestinian people; instead Canada leaves it to the parties concerned to make their own decisions on this matter.

One of the most tragic events in the region during 1975 was the civil war that devastated Lebanon, a country that had been less affected by the Arab-Israeli conflict. The gravity of the civil war necessitated the evacuation of many Canadian nationals and a reduction in staff at the Canadian Embassy in Beirut.

In the humanitarian sphere, Canada continued to support the UN Relief and Works Agency for Palestine Refugees. In 1975, Canada pledged \$3,200,000 to the Agency, bringing the total Canadian contribution to more than \$35 million since its creation in 1950.

Canada continued to provide the largest contingent to the UN peacekeeping forces observing maintenance of the ceasefire in the Sinai Peninsula and on the Golan Heights. Canada was encouraged to see the conclusion, in the autumn, of the second disengagement agreement in the Sinai between Israel and Egypt, and the reopening of the Suez Canal in June.

### Trade with Middle East

Many of the oil-exporting countries in the Middle East are devoting a large part of their oil revenue to establishing programs for their own development and that of the less-developed countries of the area. This involves large investments in every sector of the economy, especially in infrastructure — roads, ports, public services— and in processing industries. Canada is regarded with increasing favour as a supplier of the capital goods and technology needed by many countries in the Middle East in their efforts to achieve more rapid growth. Canada's exports to the area, \$242 million in 1974, increased by more than 70 per cent to approximately \$420 million in 1975. Canadian imports from these countries rose from \$1,306 million in 1974 to an estimated \$2,140 million in 1975, petroleum accounting for almost all of this increase. There is strong likelihood that Canada will continue to develop its trade with the Middle East. The Canada-Iran Joint Economic Committee agreed in July on commercial undertakings totalling \$1.4 billion, and the trip to Iran of Quebec Premier Bourassa led to similar undertakings by Iran for \$600 million.

Canada this year increased its diplomatic representation in the area with the opening of an embassy in Baghdad, Iraq, thereby underlining the growing political and economic importance to Canada of the Middle East countries, and the intention of strengthening bilateral links with them.